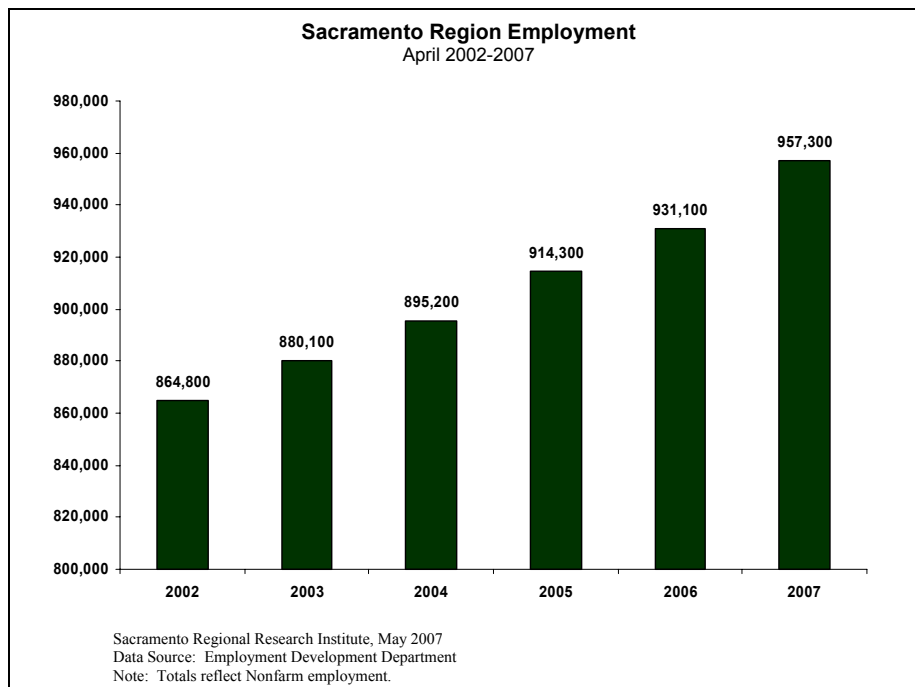
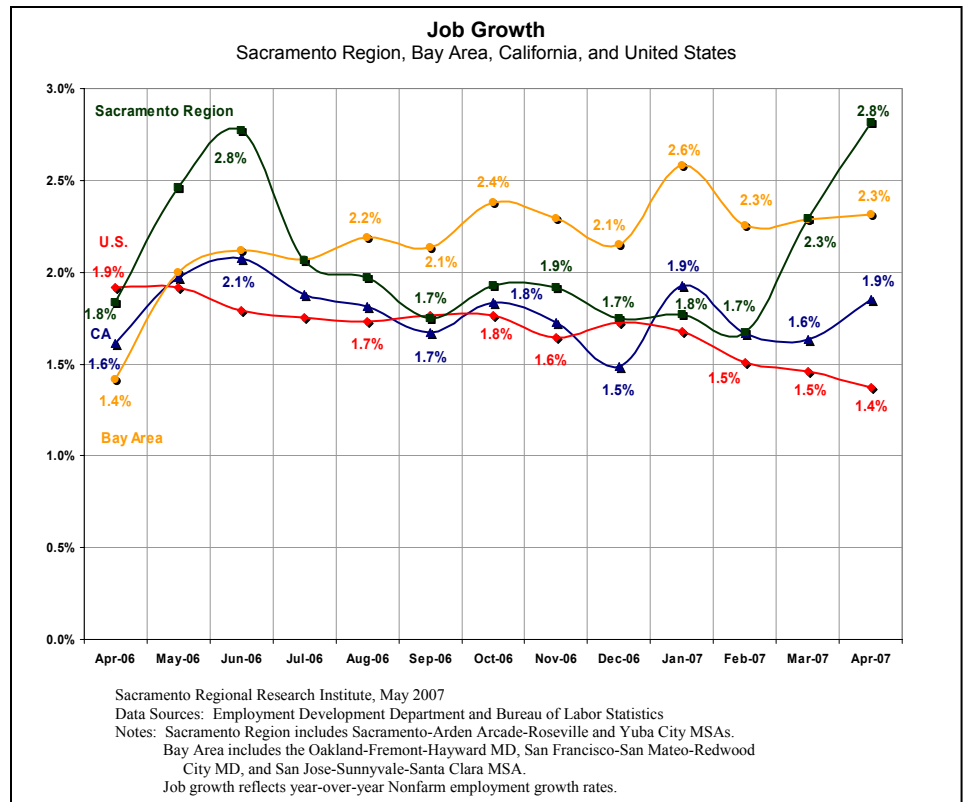


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

The Sacramento Region is showing improving job growth, surpassing the Bay Area in April 2007 as well as the statewide and national averages.

Job growth in the six-county Sacramento Region continued to improve through April 2007, reaching the same level of growth as its previous peak in June 2006. During the 12 months ending April 2007, the Region added 26,200 jobs with a growth rate of 2.8 percent. For most of the past year, the Region was feeling the effects of weakening growth in housing-related sectors, but this pattern turned around last month primarily due to expanded growth in the Construction; Professional & Business Services; and Other Services sectors. For the past two months, the Region surpassed the statewide and national averages and once again topped the Bay Area's job growth in April 2007.

The state has shown a fairly flat job growth pattern over the past year, averaging about 1.8 percent. The stagnant growth pattern is a result of the lingering effects of housing-related slowdowns. Between April 2006 and 2007, the state posted a 1.9 percent employment growth rate, adding 277,400 jobs. This rate of growth marks a slight improvement over the last two months and is above the rate for the same month last year. The state's job growth has exceeded the national average since January 2007 primarily due to declining growth at the national level.



The nation is now experiencing a declining job growth pattern, shifting from the relatively flat growth trend it was seeing at the same time last year. The nation's 1.4 percent year-over-year growth rate in April 2007 (a gain of 1.9 million jobs) is its lowest point since September 2004 and is notably less than the 1.9 percent job growth it posted in April 2006. Similar to California, the housing downturn is affecting the nation's job growth picture with recent declines pushing it below the statewide average.

For the past year, the Bay Area has posted job growth above 2.0 percent, reflecting the momentum of the Bay Area's economy following its recovery. Although it is slightly lower than the recent peak in January 2007, the 2.3 percent employment growth rate in April 2007 (an increase of 66,400 jobs) is considerably stronger than the Bay Area's growth rate for the same month last year, which, at that point, was a vast improvement

over most of the preceding five years. Despite being passed up by the Sacramento Region in April 2007, the Bay Area's job growth has exceeded the statewide and national averages since May 2006.

The Sacramento Region's Construction sector posted positive job growth for the second straight month while Government continued to show the greatest employment gains in April 2007.

For the second straight month, the Sacramento Region's Government; Educational & Health Services; and Professional & Business Services sectors added the most jobs among the major sectors during the 12 months ending April 2007. Combined, these three sectors contributed 15,900 to the Region's economy, accounting for approximately 61 percent of the net gains between April 2006 and 2007. Continued improvements in the Professional & Business Services sector allowed it to remain among the top three sectors, while Construction posted positive growth for the second month in a row (as a result of commercial market activity), moving to fourth place among the Region's major sectors. Only Manufacturing saw year-over-year job losses, continuing its nine-month trend of negative and declining job growth.

The state's leading sectors also included Professional & Business Services; Government; and Educational & Health Services, adding a total of 156,800 jobs in the past 12 months (about 57 percent of the state's net gain). Similar to the Sacramento Region, statewide, Construction saw its second straight month of positive growth while Manufacturing continued its long-term pattern of job losses.

For the past 12 months, every major sector in the Bay Area has posted year-over-year job gains. Between April 2006 and 2007, Professional & Business Services, Educational & Health Services; and Trade, Transportation, & Utilities topped the list of major sectors with a combined increase of 37,500 jobs (making up nearly 57 percent of the Bay Area's net gain).

Employment Gains and Losses		
Components of Sacramento Region and Bay Area		
Area	April 2006-2007	
	Absolute	Rate
Sacramento Region	26,200	2.8%
Sacramento-Arden Arcade-Roseville MSA	25,100	2.8%
Yuba City MSA	1,100	2.7%
Bay Area	66,400	2.3%
San Jose-Sunnyvale-Santa Clara MSA	24,800	2.8%
San Francisco-San Mateo-Redwood City Div.	24,700	2.6%
Oakland-Fremont-Hayward Div.	16,900	1.6%

Sacramento Regional Research Institute, May 2007
Data Source: Employment Development Department
Note: Gains and losses reflect Nonfarm employment.

growth (2.8 percent) and added 24,800 jobs between April 2006 and 2007 (over 37 percent of the Bay Area's net gains), supported by increases in the Professional & Business Services and Educational & Health Services sectors. The San Francisco-San Mateo-Redwood City Metropolitan Division (MD—Marin, San Mateo, and San Francisco Counties) also posted fairly healthy job growth (2.6 percent), showing a gain of 24,700 jobs (approximately 37 percent of the region's net increase) which was driven by growth in the Professional & Business Services and Leisure & Hospitality sectors. The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties) experienced job growth below the Bay Area average (1.6 percent) with an addition of 16,900 jobs (close to 26 percent of the net gain). The East Bay's gains were supported by the Professional & Business Services and Government sectors.

Major Sector Employment Gains and Losses			
Sacramento Region, California, and Bay Area			
Sector	April 2006-2007		
	Sacramento Region	California	Bay Area
Total Nonfarm	26,200	277,400	66,400
Private Sector	18,300	228,000	60,100
Public Sector	7,900	49,400	6,300
Government	7,900	49,400	6,300
Edu. & Health Svcs.	4,100	47,100	10,800
Prof. & Business Svcs.	3,900	60,300	18,400
Construction	3,400	16,400	6,400
Leisure & Hospitality	2,700	43,600	7,600
Trade, Trans., & Util.	2,200	45,100	8,300
Other Services	1,300	10,900	2,300
Financial Activities	700	1,300	2,000
Nat. Res. & Mining	200	1,300	400
Information	200	2,200	1,000
Manufacturing	-400	-200	2,900

Sacramento Regional Research Institute, May 2007
Data Source: Employment Development Department

The Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (MSA—El Dorado, Placer, Sacramento, and Yolo Counties) contributed close to 96 percent of the total 26,200 job gain in the Sacramento Region over the past year (25,100 jobs) with a growth rate similar to the regional average (2.8 percent). This MSA's job gains were led by the Government and Professional & Business Services sectors. The Yuba City MSA (Sutter and Yuba Counties) posted a slightly lower growth rate (2.7 percent) and added 1,100 jobs during the 12 months ending April 2007 (approximately 4 percent of the Region's net gain) driven by Natural Resources & Mining.

The San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) moved back into its position as the economy with the greatest job gains in the Bay Area. The Silicon Valley saw relatively strong job

Economy Watch is sponsored by the following businesses who believe in ensuring the prosperity of the Sacramento Region:

DPR Construction, Inc. (www.dprinc.com); Farmers & Merchants Bancorp / F&M Bank (www.fmbonline.com); Franklin Templeton Investor Services, LLC (www.franklintempleton.com); Harbison-Mahony-Higgins Builders, Inc. (www.hmh.com); KCRA TV - Channel 3 / KQCA - Channel 58 (www.thekrachannel.com); KT Communities (www.ktcommunities.com); McDonough Holland & Allen PC (www.mhalaw.com); Pacific Coast Building Products, Inc. (www.paccost.com); Panattoni Development Company (www.panattoni.com); Perry-Smith LLP (www.perry-smith.com); Raley's (www.raleys.com); Signature Reprographics (www.signaturerepro.com); Teichert, Inc. (www.teichert.com); The Evergreen Company; The Sacramento Bee (www.sacbee.com); Trainor Fairbrook (www.trainorfairbrook.com); and Wells Fargo Bank (www.wellsfargo.com).

The **Sacramento Regional Research Institute** (SRRI) is a joint venture of the Sacramento Area Commerce and Trade Organization (SACTO) and California State University, Sacramento (Sacramento State). SRRI provides a full range of objective economic and demographic research services to government entities, businesses, and non-profit organizations. For more information, visit SRRI's web site at www.srri.net or contact SRRI by mail at 400 Capitol Mall, Suite 2500, Sacramento, CA 95814; by telephone at (916) 491-0444; or by e-mail at srri@srri.net. This edition of *Economy Watch* was produced by Ryan Sharp, SRRI Director.